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Insurance News & Information

THE TENNESSEE DEPARTMENT OF COMMERCE & INSURANCE

Fall 2007

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## Greetings from the Commissioner



My first year has been a tremendous and valuable learning experience. I have done a good bit of traveling, speaking to various trade groups and organizations. I have met the CEO's of a number of our domestic insurance companies and representatives of many of our foreign companies. What I have heard from all corners of the state and from the insurance companies on a consistent basis is the high professionalism of the insurance staff and how successful the department is in helping to make Tennessee a great place for the insurance industry.

I am also extremely proud of the work being done by our new fraud unit and the comprehensive assistance being provided to Tennessee consumers through the Consumer Insurance Section.

We are hard at work in preparation for the upcoming legislative session. We have been meeting with insurance industry representatives to discuss proposed amendments to various consumer protection provisions. These meetings have been a great chance to learn from the industry how best to protect consumers without undue interference to the industry and we very much appreciate the hard work of those that have participated to date.

I look forward to my continued travels around and outside the state and the continued opportunity to meet some of you and learn how our department can be of assistance.

Please continue to check our website as we try to keep you informed of the work we are doing.

As always, I welcome your input and suggestions.

Best regards,  
Leslie A. Newman  
TDCI Commissioner

## — Need Your Input —

Please let us know your thoughts about this newsletter and any input or thoughts you may have for future editions.

[libby.davis@state.tn.us](mailto:libby.davis@state.tn.us)

## TENNESSEE NOW OFFERS RATE AND FORM FILINGS ONLINE

The Department recently got on board with the System for Electronic Rate and Form Filing (SERFF). Effective August 15, 2007, life, health, and workers' compensation insurers in this state were able to electronically file rates and forms for

all lines of business through SERFF. The Department has been receiving property and casualty rate, rule and form filings through SERFF since 1999.

*cont. page 4*

## CONSUMER CORNER:

### COLLEGE STUDENTS AND INSURANCE

As millions of students head off to college this fall we strongly urge young adults and their parents to get smart about insurance. Children living away from home might not be covered by their parents property, auto and health insurance.

Following are some considerations and tips for parents and college students:

#### College Students and Renter's Insurance

Whether students live in college housing or rent apartments, they will likely have valuables such as a computer, TV, stereo and/or video game system that could be stolen or destroyed in a fire or natural disaster. Parents should check their homeowners policy to see whether it will cover a college student's possessions. Furthermore, if students live in an off-campus apartment, parents should consider purchasing renter's insurance through their existing homeowners insurance provider.

#### College Students and Auto Insurance

Parents and college students should do some homework regarding auto insurance. If a college student is going to be using the family vehicle when visiting home, parents should make sure the child is listed by name on the family's auto insurance policy. If the student will be taking a car with them to school, parents should check the specific rates for the college's city and state before deciding whether to keep their child on the family's auto policy. In addition, the insurance company should be notified each semester if the student maintains good grades, as that accomplishment might lower premiums.



To control costs, parents should also ask about an accident forgiveness clause that promises not to raise premiums if a student gets into one minor accident. They should also consider raising the policy's deductible and only allowing their child to drive the family's oldest, least expensive car. In addition, parents might consider purchasing an older car for their child and foregoing comprehensive and collision insurance on that vehicle.

#### College Students and Health Insurance

Full-time college students are often covered under their parents health insurance plans until they graduate or reach 24 years of age. While students are away at college, it is important to check whether the campus health facility, local physicians and hospitals accept the family's insurance coverage. If not, it might be advisable to purchase a student insurance plan through the college. Be sure the student has a copy of the relevant insurance cards and knows about obtaining referrals and approvals before seeking treatment. ■

#### Consumer Corner Contact Information:

Director for Consumer Insurance  
Services: Vickie Trice  
To file a complaint, please call  
1-800-342-4029 or email  
[cis.complaints@state.tn.us](mailto:cis.complaints@state.tn.us)

The Consumer Insurance Services Section exists to serve all consumers protected by an insurance product in Tennessee. We're here to help you protect your rights and when necessary, mediate complaints against insurers. We can offer valuable resources to help you: evaluate and choose the right insurance product, check on agents, companies and products, and to troubleshoot problems. ■



## DISCIPLINARY ACTIONS

### TDCI Disciplinary Actions Against Insurance Agents/Producers

**Willie Artison** (654845)

Memphis, TN – Probation for five (5) years for improperly withholding monies received in the course of doing insurance business.

**Billie Jean Charles** (875419)

Memphis, TN – Revocation on July 11, 2007, and ordered to pay \$27,000 in civil penalties for using fraudulent, coercive or dishonest practices and for misappropriating monies received in the course of doing insurance business

**John Newton Ford** (26151)

Memphis, TN – Revocation on October 18, 2007 for violations of election finance laws.

**Ricky Livesay** (924670) – Revocation on August 10, 2007, and ordered to pay \$27,000 in civil penalties for using fraudulent, coercive or dishonest practices and for misappropriating monies received in the course of doing insurance business.

### TDCI Disciplinary Actions Against Insurance Companies

**Valiant Insurance Company** –

Schaumburg, Illinois – Valiant Insurance Company was fined five hundred dollars (\$500) for failing to timely file its loss cost multiplier. Consent Order entered on July 19, 2007.

**Vanliner Insurance Company** – St.

Louis, Missouri – Vanliner Insurance Company was fined five hundred dollars (\$500) for failing to timely file its loss cost multiplier. Consent Order entered on August 29, 2007.

### Status of Proposed Rules

**Rules regarding Coordination of**

**Benefits** (0780–1–16) – The rulemaking hearing was held on March 20, 2007. The responses to comments are being prepared.

**Rules regarding County Mutual**

**Insurance Companies** (0780–1–78) – The rulemaking hearing was held on September 18, 2006. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Military Sales Practices**

(0780–1–89) – The rulemaking hearing was held on August 15, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Life Insurance**

**Illustrations** (0780–1–15) – The rulemaking hearing was held on March 20, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Prevention of Illegal  
Multiple Employer Welfare**

**Arrangements and Other Illegal Health Insurers** (0780–1–92) – The rulemaking hearing was held on August 15, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Self-Insured Workers  
Compensation Single Employer**

**Amendments** (0780–1–54) – The rulemaking hearing was held on September 18, 2007. The responses to comments are being prepared.

**Rules regarding Suitability in Annuity**

**Transactions** (0780–1–86) – The rulemaking hearing was held on March 20, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Third Party  
Administrators for Self-Insured  
Workers Compensation Pools and  
Self-Insured Workers Compensation  
Single Employers Amendments**

(0780–1–81) – The rulemaking hearing was held on September 18, 2007. The responses to the comments are being prepared.

**Rules regarding Sale, Issuance and  
Delivery of Both Individuals and Group  
Variable Annuity Contracts and  
Variable Life Contracts**

(0780–1–17) – The rulemaking hearing was held on March 20, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Workers  
Compensation Appeals Process**

(0780–1–82) – The rulemaking hearing was held on February 20, 2007. Rulemaking hearing rules are being reviewed by the Attorney General's Office.

**Rules regarding Insurance Producer  
Licensing** (0780–1–56) – The rulemaking hearing was held on August 15, 2007. Rulemaking hearing rules have been approved by the Attorney General's Office and will become effective on January 1, 2008 ■

## A • R • T • I • C • L • E • S

## Interstate Insurance Product Regulation Commission Releases Annual Report

The Interstate Insurance Product Regulation Commission (IIPRC) released its first annual report. Following a theme of States, Strength & Speed Aligned, the annual report outlines the goals and accomplishments of the IIPRC's inaugural year of operation, as well as the results of its first audit report.

The IIPRC was started in 2006. This annual report reflects the initiation of operations and the first audit report. It has 30 member jurisdictions to date that reflect half of the premium volume nationwide, the IIPRC continues to make progress in serving as the central point of electronic regulatory filing under uniform standards for asset-protection insurance products.

At its initial meeting in June 2006, the IIPRC formed an interim Management Committee, published bylaws, and initiated a plan of action developed by the National Association of Insurance Commissioners (NAIC) Interstate Compact Implementation Task Force. Since that time, the IIPRC established an organizational framework, hired key staff, adopted its first uniform standards and approved its first product filings. To see an electronic copy of the Annual Report go to:

<http://www.insurancecompact.org/>

## Cover Tennessee: Health Care for Tennessee's Uninsured

Governor Phil Bredesen's multi-pronged effort, Cover Tennessee, extends health

insurance to uninsured individuals in Tennessee through three insurance programs and a pharmacy assistance program.

CoverTN is an affordable and portable health insurance initiative for working Tennesseans who are uninsured. Comprehensive coverage for children is provided through CoverKids, and chronically ill adults are eligible for AccessTN. CoverRx is a statewide pharmacy assistance program designed to assist those who have no pharmacy coverage, but have a critical need for medication.

Cover Tennessee provides health insurance coverage that is affordable to participants and affordable to the state.

More information on all Cover Tennessee programs is available at [www.CoverTN.gov](http://www.CoverTN.gov) or by calling 1-866-COVERTN.

## NAIC Releases Auto Insurance Database Report

The National Association of Insurance Commissioners (NAIC) released its 2004/2005 Auto Insurance Database Report, which provides the average costs associated with personal automobile insurance nationwide.

The report, which features state-by-state auto insurance data, is designed to provide necessary information and analysis to insurance regulators, consumers and policymakers.

Developed by the Statistical Information Task Force of the NAIC's Property and

Casualty Insurance Committee, the 2004/2005 report was compiled to make information about cost factors in each state readily available to the public, as well as insurance regulators monitoring the market.

The information used for this report includes written premium and exposure data from calendar years 2001/2005 for the combined voluntary and residual market. The report also includes earned premium and exposure data, as well as incurred loss and claims data (separately), from calendar/accident years 2002/2004 for voluntary and residual market business.

For each state, average premium and expenditures, pure premium, loss ratio, claim frequency and claim severity are calculated by coverage. The types of auto insurance coverage included are bodily injury and property damage liability (including no-fault), uninsured and underinsured motorist, medical payment, collision and comprehensive.

The NAIC recognizes the differences in state requirements for insurance coverage, limits and benefits. Many factors affect a state's expenditures and premiums, including underwriting costs, driving locations, accident rates, traffic density, auto theft statistics, repair costs and state laws. These variances make direct state-by-state comparisons difficult. Also, data contained in the 2004/2005 report might differ from data released in previous reports, as updated information from insurers is periodically obtained and included in the most recent report. ■

## Form Filings Online...cont.

The original concept for SERFF was developed in the early 1990s by the NAIC. The Electronic Filing Submission's intent was to provide a cost-effective method of handling insurance policy rate and form filings between regulators and insurance companies. In June 1996, the SERFF Consortium, an unincorporated group of interested states and companies, was formed in response to the demand for an automated system. SERFF has been an open, cooperative partnership with the mission to fund and oversee the development of the SERFF application from its beginning. This partnership has been very successful, because this approach enables both the states and the industry to participate directly in decisions relating to the development and use of SERFF. This has allowed the states and companies to jointly exert a measure of control over a mission-critical function that otherwise could overwhelm either party's capability to respond to changing process requirements. ■

### FOR RECENT COMPANY RATE FILINGS INFORMATION

Go to:

[www.state.tn.us/commerce/insurance/consumerRes.html](http://www.state.tn.us/commerce/insurance/consumerRes.html)

### For recent bulletins released by the Insurance Division please visit:

<http://state.tn.us/commerce/insurance/bulletins.html>

## We are updating our website!

**The Department of Commerce and  
Insurance is overhauling their website.  
Stay tuned for a more streamlined,  
user-friendly version.**

## YOU CAN NOW RENEW YOUR LICENSE ONLINE

If you have questions/changes concerning your agent license, please visit

[www.state.tn.us/commerce](http://www.state.tn.us/commerce) and check out our Agent Licensing Resource page. This office is responsible for the licensing and regulation of insurance agents. Approximately 106,000 agents are licensed to do business in Tennessee.